

Message Text

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ORIGIN SS-25

INFO OCT-01 ISO-00 INRE-00 /026 R

66613

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FM SECSTATE WASHDC

TO AMEMBASSY ATHENS

C O N F I D E N T I A L STATE 057506

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EXDIS

C O R R E C T E D C O P Y (PGH 3, LINES 4 AND 8 OMITTED)

E.O.11652: GDS

TAGS: EFIN, GR

SUBJECT: POSSIBLE ECONOMIC ASSISTANCE TO GREECE

REFS: (A) ATHENS 1953; (B) ATHENS 1849; (C) ATHENS 1809

(D) ATHENS 1808

1. DEPARTMENT APPRECIATES THE THOROUGH ANALYSIS AND COMMENTS ON GREEK ECONOMIC SITUATION PROVIDED IN REFTELS. WE ARE MAKING EVERY EFFORT TO RESPOND PROMPTLY TO GREEK GOVT AND ARE ACTIVELY INVESTIGATING WAYS IN WHICH WE MAY BE HELPFUL. EMBASSY SHOULD CAUTION GREEKS, HOWEVER, THAT IT MAY NOT BE POSSIBLE TO DEVELOP FINAL POSITION ON ALL SUBJECTS IN THE NEXT TWO WEEKS.

2. THE PARAGRAPHS BELOW REFLECT THE DEPARTMENT'S PRELIMINARY
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ARY THINKING ON THE KEY ISSUES OF GREEK INTEREST. THEY ARE

INTENDED AT THIS STAGE ONLY FOR THE INFORMATION OF EMBASSY
ATHENS, WHOSE FURTHER COMMENTS WOULD BE MOST WELCOME.

3. RESCHEDULING OF MILITARY DEBT SERVICING (PARA 4 REFTEL
A). THE DEPARTMENT OF DEFENSE INFORMS US THAT PAYMENTS TO
THE USG UNDER DIRECT CREDIT PORTIONS OF PAST FMS FINANCING
AMOUNT TO DOL3.8 MILLION IN PRINCIPAL AND DOL8.4 MILLION IN IN-
TEREST FOR CALENDAR YEAR 1975; \$11.3 MILLION IN PRINCIPLE
AND \$8.2 MILLION IN INTEREST FOR CALENDAR YEAR 1976. A DE-
TAILED BREAKDOWN OF THESE AMOUNTS IS BEING ASSEMBLED FOR
EARLY TRANSMISSION TO EMBASSY ATHENS. THE ABOVE DOES NOT
INCLUDE USG GUARANTEED FMS CREDIT, WHICH ARE RESPECTIVELY
\$4.8 MILLION PRINCIPAL AND APPROXIMATELY \$8.2 MILLION IN-
TEREST IN 1975; \$7.9 MILLION PRINCIPAL AND APPROXIMATELY
\$7.6 MILLION INTEREST IN 1976. WE ARE EXPLORING WAYS IN
WHICH DIRECT CREDITS CAN BE RESCHEDULED. WE HAVE SOME
DOUBTS, HOWEVER, AS TO WHETHER THE GREEK GOVERNMENT WISHES
TO HAVE US CONSIDER RESCHEDULING INDIRECT FMS INDEBTEDNESS
BECAUSE OF THE PROSPECTIVE ADVERSE EFFECT THIS MIGHT HAVE
ON GREEK CREDIT RATING. EMBASSY'S COMMENTS ON THIS POINT
WOULD BE WELCOME.

4. EXPORT/IMPORT BANK. WE ARE LOOKING INTO THE POSSIBIL-
ITY OF A VISIT BY CHAIRMAN CASEY TO GREECE IN THE NEAR FU-
TURE, AND WILL DISCUSS WITH HIM SHORTLY WAYS IN WHICH EXIM
LENDING CAN BE EXPANDED IN GREECE.

5. CCC CREDITS. IT APPEARS THAT CCC CREDIT WILL BECOME
AVAILABLE FOR LIMITED AMOUNTS OF WHEAT IN THE NEAR FUTURE,
BUT IT IS UNLIKELY TO BECOME AVAILABLE FOR FEED GRAINS.
CCC CREDIT IS CURRENTLY AVAILABLE FOR TOBACCO, COTTON,
BEEF AND DAIRY BREEDING CATTLE, BREEDING SWINE, DRY EDIBLE
BEANS, DRIED, FROZEN AND CANNED EGGS, CANNED AND FROZEN
POULTRY, RICE AND TALLOW. THE MAXIMUM CREDIT PERIOD IS 36
MONTHS AND CURRENT INTEREST RATE IS 10-11 PERCENT. DOES THE
EMBASSY BELIEVE THE GREEK GOVERNMENT WOULD BE INTERESTED
IN ANY OF THESE COMMODITIES AND IF SO IN WHAT QUANTITY?

6. IBRD. THE IBRD PLANS TO EXPAND SIGNIFICANTLY ITS
LENDING TO GREECE. AS REPORTED EARLIER TO BENEDICT BY
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BANK VICE PRESIDENT BENJENK, THE BANK EXPECTS TO SIGN
LOANS TALLING \$135 MILLION IN CALENDAR YEAR 1975 COM-
PARED TO APPROXIMATELY \$40 MILLION PER YEAR IN THE PAST.

7. EXPANDED FMS CREDIT OR RENEWED GRANT MAP. EXAMINATION
OF WHAT MIGHT BE DONE IN THIS AREA IS CONTINUING, BUT IT
IS DOUBTFUL THAT WE CAN PROVIDE A MEANINGFUL EARLY ANSWER.
AS EMBASSY IS AWARE, RECENT AND PROPOSED GOG PURCHASES OF

US MILITARY EQUIPMENT REPRESENT STAGGERING AMOUNT. IF WE
ADD THE FIGURE OF \$798 MILLION FOR THE REVISED TRI-SERVICE
LISTS, THE GOG CALCULATION OF \$565.9 MILLION IN EXISTING
DEBTS THROUGH FY-78 TO THE USG FOR RECENT PURCHASES (PRIM-
ARILY THE 1974 AIRCRAFT PURCHASE), AND AN APPARENT \$200
MILLION COMMERCIAL PURCHASE OF HAWK MISSILES WE HAVE JUST
HEARD ABOUT, WE OBTAIN A FIGURE OF ABOUT \$1.564 BILLION.
OTHER SMALLER SALES WOULD PUSH THIS FIGURE TO ABOUT \$1.6
BILLION IN ACTUAL OR DESIRED MILITARY PURCHASES BY GOG.
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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCIAL STABILITY, ECONOMIC ASSISTANCE, ECONOMIC CONDITIONS, ECONOMIC REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 MAR 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: SmithRJ
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE057506
Document Source: CORE
Document Unique ID: 00
Drafter: EUR/SE:M. BRUCE HIRSHORN
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750092-0083
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750349/aaaabron.tel
Line Count: 125
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: STADIS
Reference: 75 ATHENS 1953, 75 ATHENS 1849, 75 ATHENS 1809
Review Action: RELEASED, APPROVED
Review Authority: SmithRJ
Review Comment: n/a
Review Content Flags:
Review Date: 03 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 JUN 2003 by ElyME>; APPROVED <10 OCT 2003 by SmithRJ>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POSSIBLE ECONOMIC ASSISTANCE TO GREECE
TAGS: EFIN, GR, US, XMB
To: ATHENS
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006